

- (2) For hogs delivered during the third and fourth years of each phase, the sum of the price per live cwt. determined based on costs of corn and soymeal as set forth in the attached Cost Allowance Matrix plus Six Dollars (\$6.00) per live cwt.;
 - (3) For hogs delivered during the fifth and sixth years of each phase, the sum of the price per live cwt. determined based on costs of corn and soymeal as set forth in the attached Cost Allowance Matrix plus Four Dollars (\$4.00) per live cwt.;
 - (4) For hogs delivered during the seventh and eighth years of each phase, the sum of the price per live cwt. determined based on costs of corn and soymeal as set forth in the attached Cost Allowance Matrix plus Two Dollars (\$2.00) per live cwt.; and
 - (5) For hogs delivered during the ninth and tenth years of each phase and beyond, the price per live cwt. determined based on costs of corn and soymeal as set forth in the attached Cost Allowance Matrix.
 - (6) As shown in the Cost Allowance Matrix, costs will be subject to weekly changes based on an eight (8) week moving average of Omaha corn and Decatur/Central Illinois 44% soymeal prices. The Cost Allowance Matrix is for plant delivered hogs.
 - (7) In addition, all large producer premiums, if any, being paid by Hormel Foods to producers shall apply to the contracted hogs purchased from [REDACTED] under this Agreement and shall be paid to [REDACTED]
- (b) The Cost Allowance Matrix will not change during the contract term except if:
- (1) corn and soybean quotes are no longer reliable or indicative of actual corn and soymeal markets; or
 - (2) changes in production practices occur such as the use of Beta Agonist, PST, other feed additives or medications, implementation of new equipment or facilities or any other change which has an impact on production costs; or
 - (3) any other unpredictable circumstances that affect the Cost Allowance Matrix; or
 - (4) based upon a regular annual review by Hormel Foods, the Cost Allowance Matrix is determined to no longer accurately reflect hog production efficiencies and costs.
- (c) The Guaranteed Price will be used in connection with Hormel Foods' Grade & Yield program in effect at the time of delivery to determine the final amount to be paid to [REDACTED]. Grade & Yield premiums and discounts shall be paid to the [REDACTED] on the basis of the Market Price calculated in paragraph 2.(d). Hormel Foods and [REDACTED] may from time to time mutually agree upon a blended Guaranteed Price to be paid for all hogs purchased under this Agreement, regardless of the phases the hogs are from.
- (d) The "Market Price" shall be the average of the prior week's (Monday - Friday) daily 10:00 a.m. Hormel Foods' Grade & Yield plant delivered hog prices.
- (e) On a weekly basis, Hormel Foods shall determine its negative or positive cash position with [REDACTED] as follows: